

## ASSIGNMENT QUESTIONS: “RamSync”

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1. What is an option?
2. Do the following factors affect the call price?
  - Stock and exercise price
  - Time to maturity
  - Volatility
3. How does an option’s intrinsic value differ from its time value?
4. Is the MRAM *growth option* comparable to a financial option? If so, how?
5. How much would the MRAM growth option have to be worth to make it worthwhile to invest in RamSync?
6. Does the predicted volatility for MRAM’s cash flows affect the amount she is willing to pay for RamSync?
7. If the MRAM market could provide \$300 million in future discounted cash flow to the firm, would that change the decision to purchase RamSync? How about \$120 million? And \$100 million?